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REMARKS

With respect to the Office Action at page 2, paragraph 4, Applicant does **not understand** the Examiner's statement "...this application admits of illustration by a drawing to facilitate understanding of the invention". In fact, a formal drawing, consisting of two sheets containing Figs. 1 and 2, was filed with the application. Applicant interprets this paragraph as requiring labeling of the blocks in Figs. 1 and 2, and, thus, Applicant submits herewith a replacement formal drawing consisting of two sheets in which the blocks of Figs. 1 and 2 have been labeled in accordance with the specification. Applicant respectfully requests the Examiner to **approve** these replacement drawing sheets as the formal drawing for this application.

The rejection of claims 1 and 3-10 under 35 U.S.C. § 102(b) as being anticipated by Nguyen '448 has been rendered moot by the above amendments, whereby the independent parent claim 1 has been amended to contain the "billing mechanism..." limitation of canceled claim 2. Therefore, the amended claim 1 is equivalent to claim 2 (2/1). The other independent claims 5, 7 and 9 have also been amended to contain a limitation corresponding to the "billing mechanism" limitation of claim 2. Since, by the Examiner's own admission, Nguyen '448 does not disclose, either expressly or inherently, each limitation of the amended claims 1 (2/1) and 3-10, or in other words, since amended claims 1 and 3-10 clearly are not readable, either expressly or inherently, on Nguyen's disclosure, Nguyen is **incapable of anticipating** the amended claims 1 and 3-10.

Thus, the rejection under 35 U.S.C. § 102(b) based on anticipation has been rendered moot (or overcome), leaving for consideration only the rejection under 35 U.S.C. § 103(a) based on unpatentability (obviousness) over Nguyen '448 in view of Stefik '012, which rejection

Applicant respectfully **traverses** insofar as it may be applied to the pending amended claims 1 and 3-10.

In general, Applicant respectfully submits that the combined disclosures of Nguyen and Stefik '012 do not suggest or render obvious the subject matter of each of the pending claims 1 and 3-10, i.e., the novel and unobvious combination, in its broadest sense, of a billing mechanism (circuit) and a protection mode (encryption) dependent on the category, (e.g., value) of transported information.

More specifically, Nguyen merely discloses the broad concept of providing a system which enables a user to encrypt transmitted data at three different security levels. There is absolutely **no** teaching or suggestion of, or any **need** for, the "billing mechanism" which now is a feature of all of the Applicant's pending claims 1 and 3-10.

Stefik '012, on the other hand, does not even relate to different security levels in an information transmission system but, rather, only to an accounting system for managing usage fees attached to various "digital works".

Nguyen improves security by a leveled security protocol and by rotational encryption schemes. The levels are arranged by infrastructure entities, such as connections between clients and servers over a network, and by structural entitles such as "sessions". Stefik merely discloses a fee accounting mechanism for usage rights.

The novel and unobvious improvement provided by Applicant's invention relative to the teachings of Nguyen and Stefik is that, in Applicant's invention, security levels are associated with exchanged information. Thus, in a manner somewhat analogous to the "usage rights"

approach of Stefik, Applicant's invention allows, in case of an intrusion, to adapt security level and billing.

Furthermore, a combination of Stefik's billing approach with Nguyen's security level approach would not succeed, because intruders usually are interested in exchanged communication, and **not** in screening information channels. If, for some unknown reason, these two approaches were combined, a detected intrusion would lead to an exaggerated high security level, thereby wasting computational, networking, and other resources.

Thus, since there is absolutely no suggestion or teaching of, and **no need** for, a billing mechanism in Nguyen's security encryption system, and since there is absolutely no disclosure or teaching of, or **need** for, security encryption levels in Stefik's fee accounting system, Applicant respectfully submits that a person of ordinary skill would not have been motivated to combine the teachings of Nguyen and Stefik, in some unknown manner, to reach or render obvious the subject matter of Applicant's pending claims 1 and 3-10. Furthermore, even if one were, for some unknown reason, to combine the teachings of Nguyen and Stefik, clearly there would not be produced the subject matter of any of claims 1 and 3-10. Therefore, Applicant respectfully submits that the Examiner has not made out a *prima facie* case of obviousness.

The dependent claims should be allowable for the same reason that the independent claims 1, 5, 7 and 9 are allowable, and also for the additional limitations added by these dependent claims. Furthermore, and with specific reference to claims 3, 4, 6, 8, 9 and 10, Applicant finds nothing in the cited passages of Nguyen (10: 49-67 and 4:59-61) which, notwithstanding the Examiner's assertion to the contrary, even remotely suggests " control

information representing an economic value" and/or "a returning mechanism that returning [sic, returns] a value to a sender" (Examiner's language). Nguyen merely compares an encrypted version of a random number R_a to determine if the transmission is valid. Thus, in Applicant's system, by introducing the control information in the form of an economic value, the system is more user-friendly, and ensures that the predefined value is returned to the sender as soon as loss of the information, or a leak in the protection of the information, is detected.

Applicant respectfully requests the Examiner to reconsider and withdraw the rejections under 35 U.S.C. § 102(b) and 103(a) and to find the application to be in condition for allowance with all of claims 1 and 3-10; however, if for any reason the Examiner feels that the application is not now in condition for allowance, the Examiner is respectfully requested to **call the undersigned attorney** to discuss any unresolved issues and to expedite the disposition of the application.

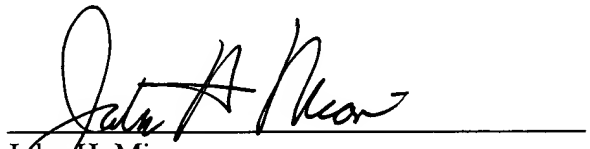
In this regard, in addition to the above questioning of the meaning of the statement in the Office Action at page 2, paragraph 4, Applicant also does not understand the meaning of the following statements made by the Examiner:

> (above 2 different protective ways are supported by a unique embodiment of Nguyen's invention), (page 3 of the Office Action).
>
> There is also a requirement that the integration of a billing mechanism involves more than mere mechanical skill, currently the claim does not specify that. (page 5 of the Office Action).

N.B. If whatever the Examiner intended to be required by these three statements has not been satisfied by this Amendment, Applicant requests the Examiner (or Supervisor Millin) to call the undersigned attorney to explain the intended meanings of these statements.

Applicant hereby petitions for any extension of time which may be required to maintain the pendency of this application, and any required fee for such extension is to be charged to Deposit Account No. 19-4880. The Commissioner is also authorized to charge any additional fees under 37 C.F.R. § 1.16 and/or § 1.17 necessary to keep this application pending in the Patent and Trademark Office or credit any overpayment to said Deposit Account No. 19-4880.

Respectfully submitted,



John H. Mion
Registration No. 18,879

SUGHRUE MION, PLLC
2100 Pennsylvania Avenue, N.W.
Washington, D.C. 20037-3213
(202) 663-7901

WASHINGTON OFFICE
23373
CUSTOMER NUMBER

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